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DPD-3869-60

17 May 1960

MEMORANDUM FOR THE RECORD

SUBJECT : Concurrence in Amendment No. 7 to Contract
No. SP-1913 with Lockheed Aircraft Corporation,
Project CHALICE

1. This memorandum contains a recommendation submitted for concurrence of the undersigned. Such recommendation is contained in Paragraph 6.

2. Contract No. SP-1913 covers the procurement of 20 U-2 airplanes and related equipment. In April 1958, the final redetermined price of [REDACTED] was established subject to reconciliation of deliveries, property audit and refund, if any, of the California Personal Property Tax paid under protest.

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3. The property audit and delivery reconciliation have been completed. The Air Force has negotiated and settled with the County of Los Angeles regarding the Personal Property Tax. The County of Los Angeles has refunded a portion of the tax with a deferred balance to be made in October 1960. LAC has passed this refund to the Project. The AF Resident Auditor, however, is contesting LAC's method of allocation of the tax. In the event LAC and the Auditor do not come to an agreement, LAC proposes to present the case to the Contract Board of Appeals. This action may prolong complete settlement of this contract by several years. Other LAC Project contracts are also involved. It has been deemed advisable to consider these contracts complete and write Contract No. SP-1921 which will set forth the tax problem and the maximum and minimum possible refunds. This would result in one contract to administer instead of six.

4. The amount of \$2,332.47 should be liquidated from CHALICE Fiscal Year 1955 funds. By concurrence to this memorandum the Comptroller signifies that funds have been adjusted as provided above.

5. Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses

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NO CHANGE IN CLASS. X
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DATE 10/18/81 BY 13-6-2
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